



## Agenda Report

22-737

Agenda Date: 7/12/2022

### REPORT TO COUNCIL

#### SUBJECT

Public Hearing: Action on a Resolution of Necessity to Acquire Certain Real Property Interests on 2265 Lafayette Street, Santa Clara, California, from SEW LLC

#### COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

#### BACKGROUND

The City of Santa Clara's Electric Utility, Silicon Valley Power (SVP), is proposing to construct approximately 0.6 miles of new single circuit 60 kilovolt (kV) overhead transmission line within the eastern area of the City of Santa Clara. One of the objectives of the Memorex Junction Transmission Line Extension Project ("Project") is to provide service to the new Memorex Junction Substation to be constructed as a part of the 1200 Memorex Development and potential other datacenter or industrial developments within the vicinity.

Upon completion, the transmission line will provide service to the Memorex Junction Substation which is to be constructed as a part of the 1200 Memorex Development. Four other potential developments have expressed interest in the area and would be eligible to connect to the new transmission line. Future 60kV service connections to this facility will be evaluated in accordance with Silicon Valley Power's Rules and Regulations, SVP Standard Document SD 5040, standard comments produced by SVP during the Project Clearance Committee reviews, City Code, and Specific Development agreements.

The new 60 kV transmission line would be constructed along or crossing the following city streets: Lafayette Street, Shulman Ave, Memorex Drive, Ronald St and Di Giulio Ave.

The City Council has previously taken a number of actions on the project:

- April 14, 2021 - Approved a Funding Agreement with 1220 Santa Clara PropCo, LLC, Relating to City Predesign Engineering Activities for the Memorex Junction Substation Project and Related Budget Amendment
- November 9, 2021 - Action on the Adoption and Certification of an Environmental Impact Report; Adoption of a Mitigation Monitoring or Reporting Program; and Architectural Approval of a Data Center project located at 1200-1310 Memorex Drive
- March 22, 2022 - Delegated Authority to the Office of the City Manager to negotiate and execute the substation agreement for Silicon Valley Power with 1220 Santa Clara Propco, LLC for Memorex Junction Substation

Other actions taken for this project include a November 1, 2021, community meeting to present and take comments from the community on the transmission line route.

The Project requires the acquisition of eight (8) parcel easements to facilitate construction of new monopole steel structures and results in the acquisition of new easements for electrical facilities.

### **DISCUSSION**

The adoption of the attached Resolution of Necessity requires the City to consider and make the following findings:

- The public interest and necessity require the Project.
- The Project is planned or located in the manner that will be the most compatible with the greatest public good and the least private injury.
- The property sought to be acquired is necessary for the Project.
- The offer required by Section 7267.2 of the Government Code has been made to the Owner of record for the full amount established as the fair market value of the property.

#### ***The public interest and necessity require the Project.***

This project will Support and facilitate development in the service area

#### ***The Project is planned or located in the manner that will be the most compatible with the greatest public good and the least private injury.***

SVP identified a study area that considered criteria necessary to meet the Project objectives e.g. services location, capacity for a looped route etc. SVP's Staff engineers and design consultants looked for route alternatives, focusing on locations that paralleled existing roads and/or existing overhead utilities. In places where SVP could not use its existing overhead facilities staff considered route alternatives including potential underground routes, looking at their potential impacts to the environment, existing and probable future development, the topography/terrain, roadway access, and aesthetics, among other factors. Weighing the above considerations with the technical needs for the project, the final transmission route was determined.

#### ***The property sought to be acquired is necessary for the Project.***

The Electric Overhead Easement on 2265 Lafayette Street is necessary to achieve the technical needs of the project.

#### ***The offer required by Section 7267.2 of the Government Code has been made to the Owner of record for the full amount established as the fair market value of the property.***

On December 14, 2021, the City made an offer to SEW, LLC to acquire the Electric Overhead Easement upon the value determined by an independent state licensed and certified appraiser in accordance with the above referenced Government Code.

The Resolution of Necessity requires approval by a two-thirds vote of the Council. If the Council adopts the recommended Resolution of Necessity, the City would deposit the necessary funds for the

Easement's probable compensation with the State Condemnation Deposit Fund and file an eminent domain complaint with the Court to seek possession of the property.

As always, the parties can continue to negotiate in an effort to come to a mutual agreement on compensation for the easement (including any compensation due for furniture, fixtures, and equipment) and loss of business goodwill.

### **ENVIRONMENTAL REVIEW**

The potential impacts to the Project were evaluated the Final Environmental Impact Report for the Memorex Data Center Project, which was adopted by Council on November 9, 2021, by Resolution No. 21-9017.

### **FISCAL IMPACT**

The Memorex Junction Transmission Line Extension cost will be completely covered per the executed the substation agreement with 1220 Santa Clara Propco, LLC. This action has no fiscal impact to the General Fund as the Project is fully funded by developer contributions.

### **COORDINATION**

This report has been coordinated with the Finance Department and the City Attorney's Office.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

### **ALTERNATIVES**

1. Adopt a Resolution of Necessity to Acquire Certain Real Property Interests.
2. Do not adopt a Resolution of Necessity.

### **RECOMMENDATION**

Alternative 1: Adopt a Resolution of Necessity to Acquire Certain Real Property Interests on 2265 Lafayette Street, Santa Clara, California, from SEW, LLC.

**(Five affirmative votes required [California Code of Civil Procedure section 1245.245]).**

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Rajeev Batra, City Manager

### **ATTACHMENTS**

1. December 14, 2021 Offer Letter
2. Resolution of Necessity